

**Keurkoop BV v. Nancy Kean Gifts BV
(Case 144/81)**

**Before the Court of Justice of the European
Communities**

ECJ

**(The President, Mertens de Wilmars C.J.; Bosco,
Touffait and Due PP.C.;
Pescatore, Lord Mackenzie Stuart, O'Keefe, Koopmans,
Everling, Chloros and
Grévisse JJ.) Herr Gerhard Reischl Advocate General.**

14 September 1982

On Reference by the Gerechtshof (Court of Appeal), the Hague

(The Vice-President, Judge Sieperda; Judges Van der Veen and Van Deth)

20 May 1981

On Appeal from the President of the Arrondissementsrechtbank (District Court)
Rotterdam

8 May 1980

Imports. Industrial property. Industrial designs.

The term 'protection of industrial and commercial property' in Article 36 EEC covers not only patent rights, trade marks and copyright but also designs. [14]

Imports. Industrial designs.

National laws which give an exclusive right to the use of an industrial design to the person who first registers it, irrespective of authorship (the author having a time-limited right to have the registration set aside), are covered by Article 36 EEC. [16]

Community law and national law. Industrial designs.

In the present state of Community law and in the absence of EEC standardisation or harmonisation of laws, the determination of the conditions and procedures under which protection of designs is granted is a matter for national rules. [18]

Imports. Industrial designs.

In principle the protection of industrial and commercial property under Article 36 EEC would be meaningless if someone other than the owner of the design right were allowed to market in the same member-State a product identical in appearance to the protected design. That also applies where the 'infringing' article has been imported from another member-State where its marketing does not infringe the rights of the first-mentioned registered owner. [22]

Imports. Industrial property. Restriction on trade.

*48 Article 36 EEC is intended to emphasise that the reconciliation between the requirements of the free movement of goods and the respect to which industrial and commercial property rights are entitled must be achieved in such a way that protection is ensured for the legitimate exercise of the rights conferred by national law (by import prohibitions which are 'justified' under that **Article**) but is refused in respect of any improper exercise of the same rights which might maintain or establish artificial partitions within the Common Market. The exercise of industrial and commercial property rights conferred by national laws must consequently be restricted to the extent necessary for such reconciliation. [24]

Imports. Industrial property.

The proprietor of an industrial or commercial property right protected by the law of a member-State may not rely on that law in order to oppose the import of goods which have been lawfully marketed in another member-State by, or with the consent of, the proprietor of the right or a person legally or economically dependent on him nor if the import or marketing ban he is invoking could be connected with an agreement or practice in restraint of competition within the Community contrary to the EEC Treaty. [25]-[26]

Restrictive practices. Industrial designs.

Although a right to a design does not as such fall within the class of agreements or concerted practices envisaged by Article 85(1) EEC, the exercise of that right may be subject to the Treaty prohibitions when it is the purpose, means or result of an agreement, decision or concerted practice. Whether that is so is for the national courts to decide, remembering that in the context of the exercise of exclusive rights to designs the situation where persons simultaneously or successively file the same design in various member-States in order to divide up the markets within the EEC among themselves is such a prohibited practice. [28]

Imports. Industrial designs.

The proprietor of a right to a design acquired under the law of one member-State may oppose the importation of goods of identical appearance from another member-State, provided that (a) the goods have not been put into circulation in the exporting member-State by or with the consent of the proprietor of the right or a person legally or economically dependent on him, (b) as between the persons in question there is no kind of agreement or concerted practice in restraint of competition, and (c) the respective rights of the proprietors of the right to the design in the different member-States were created independently of each other. [29]

*49 The Court *interpreted* Article 36 EEC *in the context of* the registration in the Netherlands of a handbag design (first created and now obsolete in the United States), the handbags being made in Taiwan and imported thence into the Netherlands, the defendant having imported also from Taiwan into the Netherlands a handbag of similar design, conduct which was held to infringe the Benelux Uniform Law on Designs, *to the effect that* industrial design rights were covered by Article 36, *that* goods of the same design and which were marketed in the EEC by or with the consent of the original proprietor must be allowed free access to the market of any other member-State, *that* free access must likewise be allowed if there is an anticompetitive arrangement between those marketing the design goods in the various member-States or those registered as owners of the design in such States.

The following cases were referred to by the Advocate General:

1. E.M.I. Records Ltd. v. CBS United Kingdom Ltd. (51/75), 15 June 1976: [1976] E.C.R. 811, [1976] 2 C.M.L.R. 235.
2. E.M.I. Records Ltd. v. CBS Grammofon A/S (86/75), 15 June 1976: [1976] E.C.R. 871, [1976] 2 C.M.L.R. 235.
3. E.M.I. Records Ltd. v. CBS Schallplatten GmbH (96/75), 15 June 1976: [1976] E.C.R. 913, [1976] 2 C.M.L.R. 235.
4. Office National des Pensions pour Travailleurs Salaries v. Damiani (53/79), 14 February 1980: [1980] E.C.R. 273, [1981] 1 C.M.L.R. 548.
5. Deutsche Grammophon Gesellschaft mbH v. Metro-SB-Grossmärkte GmbH & Co KG (78/70), 8 June 1971: [1971] E.C.R. 487, [1971] C.M.L.R. 631.
6. Musik-Vertrieb Membran GmbH v. GEMA (55/80, 57/80), 20 January 1981: [1981] E.C.R. 147, [1981] 2 C.M.L.R. 44.
7. Parke, Davis & Co. v. Probel (24/67), 29 February 1968: [1968] E.C.R. 55, [1968] C.M.L.R. 47.
8. Centrafarm BV v. Sterling Drug Co. Inc. (15/74), 31 October 1974: [1974] E.C.R. 1147, [1974] 2 C.M.L.R. 480.
9. Terrapin (Overseas) Ltd. v. Terranova Industrie C.A. Kapferer & Co. (119/75), 22 June 1976: [1976] E.C.R. 1039, [1976] 2 C.M.L.R. 482.
- *50 10. Merck & Co. Inc. v. Stephar BV (187/80), 14 July 1981: [1981] E.C.R. 2063, [1981] 3 C.M.L.R. 463.

11. SIRENA Srl v. Eda Srl (40/70), 18 February 1971: [1971] E.C.R. 69, [1971] C.M.L.R. 260.

12. Van Zuylen Freres v. Hag AG (192/73), 3 July 1974: [1974] E.C.R. 731, [1974] 2 C.M.L.R. 127.

The following further cases were referred to in argument:

13. Dansk Supermarked A/s v. Imerco A/S (58/80), 22 January 1981: [1981] E.C.R. 181, [1981] 3 C.M.L.R. 590.

14. Hoffmann-la Roche & Co. AG v. Centrafarm Vertriebs-Gesellschaft Pharmazeutischer Erzeugnisse mbH (102/77), 23 May 1978 : [1978] E.C.R. 1139, [1978] 3 C.M.L.R. 217.

15. Centrafarm BV v. American Home Products Corp. (3/78), 10 October 1978: [1978] E.C.R. 1823, [1979] 1 C.M.L.R. 326.

Representation

A. F. de Savornin Lohman, of the Rotterdam Bar for the appellant/defendant.

A. N. Huizenga, procureur, for the respondent/plaintiff.

Alexandre Carnelutti for the French Government as *amicus curiae*.

M. Seidel for the German Government as *amicus curiae*.

Rolf Wägenbaur, Legal Adviser to the E.C. Commission, with him Th. Van Rijn, of the Legal Department of the Commission, for the Commission as *amicus curiae*.

Written amicus briefs were also submitted by the Dutch and United Kingdom Governments.

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Facts

This case is about a design for a ladies' handbag.

The design for the bag, created in the United States, was the subject of a registration, 'U.S. Patent Design 250.734', dated 28 March 1977, which mentions as 'Inventor' a certain Mr. Siegel and as licensee the company Amba Marketing Systems Inc. The product was marketed in the United States by the Ambassador mail-order undertaking. As it was regarded as out of fashion in the United States, the bag no longer figures in Ambassador's catalogue.

Nancy Kean Gifts BV, whose registered office is at The Hague, is an exclusively commercial undertaking. In order to sell the bag in question in the Netherlands Nancy Kean Gifts, which bought it from Renoc AG of Zug, Switzerland, filed the design with the Benelux Designs Office on 23 April 1979. It states that the bag which it markets is manufactured in Taiwan, from where it is directly dispatched to the Netherlands.

*51 At the beginning of 1980 Nancy Kean Gifts found that the mail-order

company Keurkoop, whose registered office is in Rotterdam, was offering by way of gift under the name 'Elite' and by way of sale under the name 'Ideal', a ladies' handbag the appearance of which was virtually identical with the registered design of the bag which it was selling itself. Keurkoop is said to have obtained the handbag in question from a wholesale exporter in Taiwan, the Formosa Keystone Products Corporation, which in turn obtained its supplies from two manufacturers, also established in Taiwan, namely the Taiwan Plastic Company and Ocean Light Industries Corporation.

Being of the opinion that Keurkoop was infringing its exclusive rights under the Uniform Benelux Law on Designs, Nancy Kean Gifts instituted proceedings for an interlocutory injunction against Keurkoop before the President of the Arrondissementsrechtbank (District Court), Rotterdam. By judgment of 8 May 1980 the President of that court granted the applications made by Nancy Kean Gifts and prohibited Keurkoop from 'manufacturing, importing, selling, offering for sale, exhibiting, delivering, using or holding in stock with a view to any such action, for industrial or commercial purposes, one or more ladies' handbags having an appearance identical to or displaying only minor differences from that of the design registered by the plaintiff' (this wording is taken almost literally from section 14 of the Benelux Uniform Law which is annexed to the Convention of 25 October 1966 and which entered into force on 1 January 1975).

Keurkoop lodged an appeal against that judgment with the Gerechtshof (Court of Appeal), The Hague.

For the purpose of replying to the arguments presented before it, the Gerechtshof began by defining the position of Nancy Kean Gifts and its rights in relation to the Benelux Uniform Law.

Its conclusions may be summarised as follows:

1. Nancy Kean Gifts is not the author of the design for the bag and did not file the design with the consent of the author or of a person entitled under him.
2. However, for the purpose of the application of the Benelux Uniform Law on Designs it is unnecessary for the request for protection to come from the author. As section 3(1) of the Law states: 'The exclusive right in a design is acquired by virtue of the first registration effected in Benelux territory.' Nor does the Law lay down any requirement relating to the manifestation of artistic or creative activity. It only provides, in section 1, that 'a new appearance of a product serving a utility purpose may be protected as design' (paragraph 11 of the judgment of the Gerechtshof).

Having thus established the position of Nancy Kean Gifts and the scope of the Benelux Uniform Law, the Gerechtshof, The Hague, by judgment of 20 May 1981, pursuant to Article 177 of the EEC Treaty ^{*52}, referred the following questions to the Court of Justice for a preliminary ruling:

1. Is it compatible with the rules contained in the EEC Treaty concerning the free movement of goods, in particular with the provisions of Article 36 thereof, to give application to the Benelux Uniform Law on Designs in so far as the effect of that Law is to grant exclusive rights in a design, such as referred to in that Law and serving an object and function described in paragraph 11 of this judgment, to the person who was the first to file it with the competent authority, when no person

other than the person claiming to be the author of the design or the person commissioning or employing the author has the opportunity to challenge the right of the person who filed the design and/or to defeat an application for an injunction lodged by that person by relying on the fact that the latter is not the author of the design or the person commissioning or employing the author?

2. Can the application for an injunction be defeated in so far as it concerns products which the defendant has obtained in a country belonging to the Common Market other than the country (belonging to the Common Market) for which the injunction is sought if no rights of the person who filed the design and who seeks the injunction are infringed in that other country by the marketing of those products?

The Gerechtshof stresses that according *inter alia* to section 3(1) of the Benelux Uniform Law, the Benelux legislature considered the exclusive right in a design as an industrial property right within the meaning of the International Convention for the Protection of Industrial Property, signed in Paris on 20 March 1883, to which all the member-States of the Community are parties.

Upon hearing the report of the Judge-Rapporteur and the views of the Advocate General the Court decided, in pursuance of Article 45 of the Rules of Procedure, to prescribe measures of inquiry.

By letter of 15 December 1981 the Registrar of the Court asked the parties to the main action and the Commission to reply to the following questions:

1. Keurkoop BV and Nancy Kean Gifts BV

What is the origin of the handbags which they marketed or disposed of by way of gift in the Netherlands? Where were they manufactured? From where were they imported? Where were they bought?

What is the precise date on which the design for the bag became protected?

2. Keurkoop BV

What does this company mean when it maintains that the bag registered by Nancy Kean Gifts is a copy?

*53 *3. The Commission and the parties to the main action*

What information do they have as regards the marketing of the bag which was the subject of a registration 'U.S. Patent Design 250.734', mentioning Mr. Siegel as inventor and the company Amba Marketing Systems Inc. as licensee, in other countries of the Common Market. By whom was this bag marketed? Where was it manufactured and from where was it imported?

4. The Commission

Is the handbag protected by the legislation of other member-States relating to designs? For whose benefit?

Written observations submitted in answer to the questions put by the Court

The answers given by Keurkoop and Nancy Kean Gifts to the first question put by the Court are noted under the heading 'Facts and procedure'.

In answer to the second question in which Keurkoop was asked what it means 'when it maintains that the bag registered by Nancy Kean Gifts is a copy' Keurkoop replies that an interpretation, in conformity with the Treaty, of the specific subject-matter or the essential function of the right in industrial designs (in as much as they constitute industrial and commercial property within the meaning of Article 36 of the Treaty) implies that the only person who may benefit from protection is he who, with a view to the shaping (or improvement of the form) of his industrial product, has invented a design or has had one invented by a third party on his behalf. The protection thus afforded is intended to compensate for the efforts, whether material or non-material, or both, expended by the author or by the person entitled under him, in his capacity as a person engaged in industry.

When Keurkoop states, therefore, that the design for a bag filed by Nancy Kean Gifts constitutes a copy, it wishes to convey that Nancy Kean Gifts has nothing to do with the creation of the design for this bag but that, as is apparent, moreover, from its own statements in the main action, it knowingly appropriated, without any right or consent, the shape for a handbag created by a third party (Siegel).

Such a monopolisation, especially when claimed by an importer as against one or more other importers, is incompatible with the essential function of the right in industrial designs within the Common Market.

The third question put to the Commission and to the parties to the main action, relating to the handbag that was the subject of the American registration, was concerned with ascertaining by whom the bag was marketed, where it was manufactured and from where it was imported.

*54 Keurkoop states that, as far as it knows, this bag is no longer marketed by or in the name of Siegel or Amba.

It recalls that the handbag in question in this case has been manufactured for a long time in conformity with Siegel's design, by a number of Taiwanese infringers of the right in the design in Taiwan and marketed in the member-States of the Community mentioned in its written observations.

Without expressly referring to the bag which was the subject of the registration 'U.S. Patent Design 250.734' Nancy Kean Gifts indicates that the handbag is marketed in the Federal Republic of Germany by Otto GmbH which imports it directly from Taiwan. In the United Kingdom the handbag is sold by Nancy Kean Gifts Ltd. and in Denmark by the Atelier Nancy A.P.S. Nancy Kean Gifts states that the two last-mentioned legal persons belong to the same group as itself and that they also buy the handbag manufactured in Taiwan from Renoc AG of Zug, Switzerland.

The Commission says it has not the information to allow it to answer the third question.

In the fourth question the Commission was asked whether the handbag at issue

was protected by the laws on designs in other member-States and, if so, for whose benefit.

The Commission states that a handbag of the same design is protected in France, under the legislation on designs, for the benefit of Peter Herman of New York.

The Commission is pursuing its inquiries and will certainly inform the Court of any results which it may obtain.

Although the fourth question was addressed to the Commission, Keurkoop is desirous of giving the following information.

It is apparent from the extract from the French Designs Register, which was annexed to Keurkoop's letter, that Peter Herman filed the design for a handbag on 18 April 1979 under No. 31937. According to Keurkoop there is *prima facie* no doubt that the bag in question is identical to the one which was filed in Benelux in the name of Nancy Kean Gifts. The following observations are therefore called for on the part of Keurkoop.

First, it should be noted that the design was filed in France on Wednesday, 18 April 1979, and in Benelux on Monday, 23 April 1979--an interval of five days only (two working days). That cannot be mere chance. Such a coincidence amounts in itself at the very least to strong evidence of an agreement or concerted practice within the meaning of Article 85 of the Treaty.

Secondly, it is interesting to note that both in France and in Benelux four designs were filed on each occasion, three of which were identical. This reinforces the presumption of the existence of a concerted practice.

Thirdly, and in the light of the foregoing, it should be remarked that in the letter of 21 January 1982 addressed to the Registrar of *55 the Court, Nancy Kean Gifts gave its views on the situation in the Federal Republic of Germany, the United Kingdom and Denmark, but not on that existing in France. Nancy Kean Gifts might be asked to give a fuller explanation on this matter, in particular on the question how Herman managed to obtain the designs of Nancy Kean Gifts and *vice versa*.

Keurkoop adds that no design of the handbag seems to have been filed in the United Kingdom or Denmark.

According to information received from the German Patents Office at Munich, no design has been filed from abroad in regard to this bag.

In Italy no inquiry seems to be possible unless the name of the person presumed to have filed the design can be given.

In Greece there is as yet no registration of designs.

Argument

First question

Keurkoop would like the Court to broaden the examination of the first question and to take into account the full scope of the problem raised by this case. The question whether or not a third party may contest a registration in reality merges, in *Keurkoop's* view, into the context of a general attack upon the very terms of

the Benelux Uniform Law or at least upon the interpretation given to that Law by the Gerechtshof. According to Keurkoop, in order to give a helpful answer to the court making the reference the Court of Justice should consider 'how far, in the light of the specific objective ... of a right in a design for the purposes of Article 36 of the Treaty, national rules may go in granting an exclusive right to the person obtaining registration where it is established, on the one hand, that there has been, on the part of such person, "a copying of the design" and, on the other hand, that that person is neither an industrialist nor a craftsman but a "mere trader"'.

In Keurkoop's opinion the national court was wrong not to include in the questions referred to the Court of Justice this latter aspect of the problem. However, the position of Nancy Kean Gifts, confirmed, it seems, by the Gerechtshof, is untenable in law inasmuch as, contrary to its objective and purpose, the protection of designs enables a trader or an importer-reseller, whose only merit is to have filed the design before his competitors, to secure a monopoly on the Benelux market. According to Keurkoop that was not the merit which the Benelux Uniform Law intended to protect.

It is apparent from the explanatory statement relating to section 1 of the Benelux Uniform Law that 'this Law is intended to encourage industrialists and craftsmen who are desirous of taking greater interest in the form of the utility products which they manufacture' . [FN1]

FN1 Dutch Text, Sch. and Jord., Edition 1974, p. 26 *56.

This essential function of the right in a design is confirmed by the terms of the International Convention of Paris and by the laws of the various member-States. According to Keurkoop, under the Paris Convention there was never any question of 'commercial' designs. The list of industrial property rights contained in Article 1(2) of the Convention mentions industrial designs.

The laws of the various member-States govern the protection of designs according to three different procedures:

(a) In the Federal Republic of Germany, the United Kingdom and in Italy the rules governing designs are closely linked with those governing patents.

The Geschmacksmustergesetz (Ornamental Designs Act) of 1876, the Registered Designs Act 1949 and the Italian Decree of 25 August 1940 grant protection for industrial designs.

In the Federal Republic of Germany a preliminary draft Bill states that a design may not be protected if it is a copy of another creation. In the United Kingdom utility objects may be protected provided always that the person registering the design is its author or has had it manufactured on his behalf. In Italy, proof is required that the person filing the design is its author or a person entitled under him; proof to the contrary may be supplied by any person concerned.

(b) In other countries such as France, production of designs comes under the rules for the protection of literary and artistic property which stress the individual and intellectual contribution of the author. Section 2(3) of the French Copyright Act of 11 March 1957 enables not only the author himself but also third parties

concerned to plead that the person filing the design has copied it.

(c) The Danish Act of 27 May 1970 has some features in common with the Benelux Uniform Law, but with the twofold difference that, on the one hand, the Danish Designs Office requires novelty and conducts *ex proprio motu* an inquiry into this and, on the other hand, any person concerned may complain of copying on the part of the person filing the design.

According to Keurkoop it follows from the foregoing that the Benelux Uniform Law is contrary to the commonly accepted concept of the protection of designs inasmuch as it shields the person filing a design, irrespective of his status (in this case that of a mere trader) and by virtue of the mere formal act of filing it, from the complaint that he has copied it, even if he admits this before the court, as occurred in this case. In Keurkoop's view, discrimination between importer-resellers results precisely from the fact that under the Benelux Uniform Law it is impossible for third parties concerned to oppose registration by raising the objection that the design has been copied.

*57 By authorising the misuse of an industrial property right the Benelux Uniform Law sets up a partition between the market in the Netherlands or the Benelux countries and that of the other member-States. Keurkoop stresses that the handbag in question is sold by other mail-order undertakings in the Netherlands, the Federal Republic of Germany, France, Belgium and Luxembourg.

According to Keurkoop the first question should be examined in the light of the foregoing considerations. The absence of harmonisation of national laws on designs cannot prevent the Court from judging the consequences of the application of the Benelux Uniform Law in relation to the Community principle of the free movement of goods and to the definition of protection which, in this field, is commonly accepted in the domestic laws of the member-States.

Keurkoop emphasises, first, that it is thanks to the case law of the Court that the law on trade marks and patents has progressed at the Community level, [FN2] secondly, that where the action undertaken by the plaintiff amounts to prohibiting imports the Court generally examines whether, in such circumstances, such action is justified [FN3] and finally that the Court has already ruled on the problem of restrictions in the matter of proof in cases concerning industrial property (*inter alia* in Case 102/77 Hoffmann-la Roche v. Centrafarm [FN4] and Case 3/78, Centrafarm v. American Home Products). [FN5]

FN2 It refers to R. Ludding's study, *Mededingingsrecht in de EEG* (Competition Law in the EEC), Eur. Monografieën no. 27, Kluwer 1979.

FN3 See *inter alia* Case 58/80 *Dansk Supermarked v. Imerco* [1981] E.C.R. 181 , [1981] 3 C.M.L.R. 590.

FN4 [1978] E.C.R. 1139, [1978] 3 C.M.L.R. 217.

FN5 [1978] E.C.R. 1823, [1979] 1 C.M.L.R. 326.

Thus whatever the manner in which the Court may be disposed to define the

specific objective of the protection of designs, Keurkoop considers that it is 'intolerable that, by the indirect means of restrictions in the matter of evidence, the defendant should be deprived in advance of the opportunity of pleading in the course of the proceedings the fact that the person filing a design has copied it and that the court should be denied the opportunity to hold copying to be a ground for dismissal of the action'.

For that reason, in Keurkoop's view, the first question should be answered in the negative.

In the *Commission's* opinion it seems at first sight surprising that in the context of this dispute the Dutch court decided to put to the Court of Justice questions for a preliminary ruling relating to the interpretation of Articles 30 and 36 of the Treaty. The Commission, which refers to the judgment in Cases 51, 86 and 96/75 E.M.I. Records v. CBS Schallplatten, [FN6] considers that in so far as the products at issue were imported directly, both by Keurkoop and Nancy Kean Gifts, from countries outside the Common Market, intra-Community trade is not concerned.

FN6 [1976] E.C.R. 811, 871 and 913, [1976] 2 C.M.L.R. 235 *58 .

To the Commission it seems that it was Keurkoop's argument which led the national court to refer the matter to the Court of Justice. According to that argument, intra-Community trade is concerned, since this particular model of bag, which comes from Taiwan, is sold elsewhere in the Common Market and is thus capable of being imported into the Netherlands from other member-States. Pursuing this line of thought, the Commission remarks that the subject-matter of this case is concerned with the question to what extent restrictions on imports are justified on the basis of the protection of industrial property rights. It follows from the Court's case law that Article 36 of the Treaty allows a derogation from the principle of the free movement of goods only where that derogation is justified by the protection of rights which constitute the specific subject-matter of the industrial and commercial property.

The Commission emphasises that the court has not yet had occasion to define the content of the specific subject-matter of the right in a design. According to the case law on other industrial and commercial property rights the specific subject-matter of a right in a design may be defined as the exclusive right of the proprietor to be the first to market a product having a specific industrial form. According to the Commission, in the internal legal systems of the member-States, the right in a design is covered, in some cases, by the protection of literary and artistic property and, in others, by industrial and commercial property. Thus the definition of the proprietor of the right differs from one legal system to another. In countries where the protection of the right in a design coincides with copyright the proprietor of the right is generally the author of the design or a person entitled under him. In other countries, the protection of the right in a design is granted to the person who first files it.

The Commission considers that in the absence of harmonisation of national laws on the subject the member-States should be left with the task of ascertaining the proprietor of the right in a design and that, in so far as the author has the

opportunity of asserting his rights, the Benelux Uniform Law is in conformity with the provisions of the Treaty.

In the view of the *Dutch Government*, which concurs in the analysis of the *Gerechtshof* in regard to the scope of the Benelux Uniform Law, that Law has the advantage of simplicity and legal certainty.

Legal certainty is ensured by the fact that the protection has its origin in the act of filing the design and the entry of the right claimed in public registers to which third parties have access. The simplicity resides in the procedures prescribed for filing and in the fact that it was decided not to lay down or to verify compliance with, any requirement that the person filing the design should have supplied himself the efforts leading to its creation.

*59 The Dutch Government takes the view that when filing is effected by a person other than the author and when the author himself does not object it is in conformity with the spirit informing the property system in question that third parties should not be entitled to contest the right of the person filing the design. The Dutch Government stresses that Articles 56(1) and 57(1)(e) of the Convention for the European Patent for the Common Market embody the principle that the exclusive right is to be granted to the first person filing the patent and that the right may be contested only by the author of the work. This principle is also accepted in the Dutch Patents Act (*Rijksoctrooiwet*, sections 6 and 51(1)(b)).

The Dutch Government recalls that, according to the consistent case law of the Court, the rules of the Treaty do not affect the existence but only, in certain circumstances, the exercise of rights conferred by the legislature of a member-State in the field of industrial and commercial property. To accept that third parties may contest the right of the first person to file a design amounts, in the present case, to affecting the very existence of the right granted by the Benelux Uniform Law. For that reason, according to the Dutch Government, the first question should be answered in the affirmative.

The *French Government* states that efforts at unification or harmonisation of national laws relating to the protection of industrial and commercial property were mainly concentrated in the field of patents (Conventions of Strasbourg, Munich and Luxembourg) and of trade marks (the Commission's proposals for a Community trade mark and for the harmonisation of national laws).

In the French Government's view, in the absence of a Community scheme for protecting designs or for harmonising national laws, recourse should be had to Article 36 of the Treaty which acknowledges the right of the national legislatures in this field, subject only to the reservation that they do not introduce disguised restrictions into intra-community trade. If experience were to show that obstacles to the establishment or functioning of the Common Market result from the application of certain national laws on the protection of industrial and commercial property, the French Government considers that the solution can only be found in the creation of a uniform law or in the approximation of national laws.

According to the *United Kingdom* there is no doubt that industrial designs are a form of industrial property within the meaning of Article 36 of the Treaty.

Article 1(2) of the International Convention for the Protection of Industrial

Property signed in Paris in 1883 and last revised in Stockholm in 1967, to which all the member-States are parties, identifies industrial designs as one of the objects of protection of industrial property. The United Kingdom also notes that according to Regulation 17, adopted by the Council in 1962 under Article 87 of the EEC Treaty ^{*60}, the term 'industrial property rights' is described, in Article 4(2)(b), as covering 'in particular patents, utility models, designs or trade marks'. According to the United Kingdom the object of the Benelux Uniform Law is not the exclusive protection of the author of the design. It is also intended to protect anyone who, desirous of introducing a new design, has made a substantial investment (both of money and of skill) in launching and popularising the design and, if he is a manufacturer, in the actual manufacture. It is right that the law should give him a limited monopoly so that someone else cannot take advantage of his investment by marketing a substantially identical product.

The United Kingdom considers that, so long as there are no Community rules in a particular area of law, the Court should not be called upon to look in detail at the laws of a given member-State.

According to the United Kingdom the first question submitted by the Dutch court should be answered to the effect that the application of the relevant provisions of the Benelux Uniform Law on Designs is compatible with the rules contained in the EEC Treaty concerning the free movement of goods.

Second question

According to *Keurkoop* the second question is so worded as to convey the impression that Nancy Kean Gifts filed the design for the handbag in question not only in the Benelux countries but also in other member-States. However, Nancy Kean Gifts filed the design only with the Benelux Designs Office.

Keurkoop notes that the second question, which adopts the terms of its last ground of appeal, is no longer of any interest in so far as *Keurkoop's* aim was to urge the national court, should Nancy Kean Gifts plead in the proceedings on appeal that there was a legal relationship with Ambassador or Siegel, or both, under which it was authorised to file the design in the Netherlands, to take into account the fact that the handbag had perhaps been lawfully marketed in another member-State by Ambassador or Siegel, or both, or with its or his consent. As the *Gerechtshof* has accepted that Nancy Kean Gifts was not entitled to file the design in its author's name, it follows, in *Keurkoop's* view, that the fourth ground of appeal and, consequently, the second question put to the Court, is no longer of any importance.

Keurkoop considers, however, that the Court might take advantage of the second question, as worded, and rule on the question whether in other member-States there are undertakings which, like Nancy Kean Gifts, exercise independently on their territory the right in the design in respect of the Ambassador handbag, without any action against them on the part of Ambassador. Such a situation, ^{*61} which would be contrary to Article 85 of the Treaty, might possibly be condemned by the Court.

The *Commission* considers that the answer to the second question turns on the

point whether or not marketing in the member-State of exportation was carried out by the proprietor of the right in the country of importation or with his consent. If the answer to that point is in the affirmative the Commission observes that according to consistent case law of the Court (see *inter alia* Case 187/80 Merck v. Stephar, [FN7] Case 15/74 Centrafarm v. Sterling Drug, [FN8] Case 119/75 Terrapin [FN9]) the right in the design is exhausted. If the answer to the point is in the negative the proprietor of the right will be entitled to resist the importation of such products (Case 24/67 Parke Davis [FN10] and Case 15/74 Centrafarm v. Sterling Drug, cited above) unless such action in fact constitutes a disguised restriction on trade between the member-States.

FN7 [1981] E.C.R. 2063, [1981] 3 C.M.L.R. 463.

FN8 [1974] E.C.R. 1147, [1974] 2 C.M.L.R. 480.

FN9 [1976] E.C.R. 1039, [1976] 2 C.M.L.R. 482.

FN10 [1968] E.C.R. 55, [1968] C.M.L.R. 47.

The Commission reserves the right to discuss this problem during the oral procedure as the material contained in the file does not of itself make such an analysis possible.

According to the *Dutch Government* the fact that marketing in the member-State of exportation does not infringe the rights of the person filing the design in the member-State of importation may be the consequence of two situations, that is to say, that in the member-State of exportation either there is no possibility of protecting a design or protection has not been requested.

If, in the latter case, the same conclusion were arrived at as in the event of marketing in the member-State of exportation being carried out with the consent of the proprietor of the exclusive right, a person filing a design in one or more member-States would be forced to seek protection for the design in all the member-States, failing which he would have no means of protecting himself against parties infringing his rights.

Such a solution would, in the view of the Dutch Government, have the effect of destroying the objectives of the national laws on the subject by affecting not only the exercise of the right but, in reality, 'the right itself, as from its inception'.

The Dutch Government stresses that, according to Article 81 of the Convention for a European Patent for the Common Market, signed in Luxembourg on 15 December 1979, rights conferred by a national patent become exhausted when the product has been put on the market in one of the member-States by the proprietor of the patent or with his express consent. It suggests that the second question be answered in the affirmative if such consent exists and in the negative if it does not.

*62 The *French Government* shares this view to some extent but nonetheless emphasises that too strict an application of the solutions arrived at by the Court, *inter alia* in Parke Davis (24/67) and Merck v. Stephar (187/80), might give rise to

forms of conduct which would run directly counter to the objectives of the Treaty. In order to prevent their right from being exhausted undertakings might either refuse to develop their industrial property rights in the member-States which offer no protection, which would prejudice the principle of the free movement of goods, or completely and systematically leave the market in those States to their competitors, which would distort competition.

The French Government concludes that so long as the laws on designs are not harmonised and inasmuch as the Court cannot accept any breach of the principles of free movement and free competition, effect should be given, in pursuance of Article 36, to national laws protecting industrial property rights. The *United Kingdom* states that in Parke Davis and Terrapin (119/75), the Court upheld the application of national industrial property rights where there was no connection between the goods produced by the proprietor of the industrial property right and those marketed in another member-State without his consent. According to the United Kingdom the second question should be answered in the negative in so far as, on the one hand, the marketing by Keurkoop concerns products which that company obtained in a member-State of the Community other than that in which the proceedings for an injunction were brought and, on the other hand, the marketing in the latter member-State does not infringe any right of Nancy Kean Gifts. It considers that a different answer would constitute a radical development of Community law and would all but destroy the value of any national industrial property right which was not matched by equivalent rights in all member-States.

JUDGMENT (of the President of the Arrondissementsrechtbank)

[1] The plaintiff company bases this claim on the above-mentioned established facts and further on the arguments:

that the defendant company is acting unlawfully towards it, in that the defendant company is infringing the exclusive right accruing to the plaintiff company in consequence of the above-mentioned deposit;

that it is suffering damage by reason of the defendant's actions;

that it has an urgent interest in the relief sought.

[2] The defendant company has first of all argued in defence that the plaintiff has no claim on the basis of the Benelux Uniform Law on Designs and Models (BWTM), because this Law seeks for a certain period to prevent the imitation of models chosen by industrialists and craftsmen, whereas *in casu* there is no question of imitation, because both parties, albeit via different importers, obtain ⁶³ their supplies from the same manufacturer, or of a model which has been chosen by the plaintiff company for its product, because the plaintiff company does not make the ladies' handbags as an industrialist or craftsman, but merely deals in them as a trader.

[3] This defence fails.

[4] According to section 3(1) BWTM, the exclusive right to a design or model is acquired by the first deposit effected within the Benelux area and registered with the Benelux Bureau for Designs and Models.

[5] Section 4 BWTM then indicates when no exclusive right is acquired by the

deposit, but it is neither argued nor apparent that any of the cases set out here applies to the deposit under consideration.

[6] The BWTM does not require that the deposit must be made by the industrialist or craftsman who chose the model or manufactured the design.

[7] Some provisions of the BWTM do, however, threaten to annul deposit in certain cases, namely sections 5, 9(3) and 15.

[8] There is no indication whatever--nor do the parties assert anything to this effect--that any of the cases envisaged in section 9(3) or section 15 BWTM applies.

[9] Only the possibility of nullity or application for cessation under section 5 BWTM therefore remains open.

[10] According to the Explanatory Memorandum, nullity under section 5 BWTM can only be invoked by the designer himself or by the person who, under section 6 BWTM, is regarded as such, and even a deposit of a pilfered model is not void by operation of law, but nullity can even in these circumstances only be claimed, to the exclusion of any other interested party, by the designer or by the person who is regarded as such.

[11] It follows from this that the defendant company, which does not assert that it is the designer of the ladies' handbags, cannot in any event itself claim that the plaintiff's deposit is null for whatever reasons.

[12] The defendant has argued in this connection that the plaintiff is not in any event the designer of the ladies' handbags to which the deposit in question relates, and that it is inconceivable that the designer of these bags will wish to commence an independent action on the basis of section 5 BWTM. If this action is successful, then this--the defendant argues-- would have the result that the deposit is void from the outset and that the plaintiff thus cannot derive any rights from it.

[13] The plaintiff company has asserted that it does not know who is the designer of the ladies' handbags in dispute, but that it has deposited the model for these bags with the consent of the American mail order business ' Ambassador', with which the plaintiff's English parent firm has business relations.

*64 [14] In fact, this mail order business must, having regard to section 6(2) BWTM, be provisionally regarded as the designer of the ladies' handbags, in view of the fact that the defendant company itself has argued that the bag was designed on behalf of that business.

[15] On this basis, it must provisionally be considered not to have been established that 'Ambassador' will invoke the nullity of the deposit effected by the plaintiff or will be able to do so successfully.

[16] Thus, one must provisionally proceed on the basis that the plaintiff company rightly invokes the protection it has on the basis of its first deposit, so that the claim is allowable.

[17] The defendant has also argued further:

(a) that the present dispute does not lend itself to being dealt with in summary proceedings, because a large number of questions of law arise and the legal position of the parties depends on facts which are unclear;

(b) that a weighing of interests also involves dismissal of the claim, because no

immediate and/or irreparable disadvantage looms over the plaintiff, since it carries a large assortment of bags and the defendant, if necessary, is offering complete restitution.

[18] These defences too must be rejected.

With regard to a:

[19] There is no statutory provision which prevents questions of law from being examined in summary proceedings, and the relevant facts are sufficiently clear for a provisional judgment to be given.

With regard to b:

[20] There is in fact a concrete immediate disadvantage to the plaintiff.

[21] The plaintiff company, as it has asserted without contradiction, has a large stock of ladies' handbags of the model deposited, and as is provisionally sufficiently established, its turnover is seriously threatened, since the defendant is approaching potential buyers with a campaign mounted on a large scale--in part, even with gift offers.

[22] Even if, at some time, the defendant offered restitution for damage accruing to the plaintiff, suffered as a result of the defendant's conduct, this does not detract from the fact that the plaintiff company has an urgent interest in the relief sought.

[23] For the plaintiff company's liquidity position is put at risk if it is left with a stock of bags which cannot be sold or which can only be sold at a slower rate.

***65 JUDGMENT (of the Gerechtshof)**

With regard to the law:

[1] In its *first ground of appeal*, Keurkoop operates on the premise that, at the trial, it must be held that Nancy Kean Gifts (NKG) is not itself (the person commissioning) the designer of the model.

[2] One must in fact proceed on the basis of this premise since it agrees with what NKG says. The President in fact did this.

[3] Keurkoop raises as a ground of appeal that NKG has no business relationship or any other legal relation whatsoever with (the person commissioning) the designer of the model which entitled NKG to deposit the model on the latter's behalf, and that the President wrongly gave credence 'to the totally unsupported assertions of NKG on this point'.

[4] NKG has in the first place argued that it does not matter who is the designer or thus whether it has the designer's consent to make the Benelux deposit of the model in question. For these proceedings, says NKG, it is decisive that it is the holder of the deposit.

[5] As the court will consider in more detail in relation to Keurkoop's second ground of appeal, it takes the view that NKG's above-mentioned argument is correct in so far as it concerns the interpretation exclusively of the Benelux

Uniform Designs and Models Law (hereinafter to be referred to as: the Benelux Models Law). For a decision on Keurkoop's third and fourth grounds of appeal, it is, however, relevant that we should ascertain on the basis of which facts, concerning a possible legal or other relationship between NKG and the designer or his successor in title, we must proceed.

[6] NKG has also argued against the ground of appeal that, if, as Keurkoop asserts, the American mail order business 'Ambassador' is the designer of or 'person entitled to the model'--which NKG denies--'Ambassador must be considered to have consented to the deposit'. In support of this assertion, NKG relies on the facts and circumstances referred to in its memorandum in reply: that bags matching the model in question are marketed by Ambassador in the United States; that Ambassador has no interest in the European market; that the group of enterprises to which NKG belongs with a Canadian parent company--continues to maintain business relations with Ambassador; that it was and is known to Ambassador that NKG made the Benelux deposit in question; and that Ambassador has remained inactive, that is, has at no time made known any complaints against this deposit.

[7] The facts and circumstances referred to in the preceding paragraph do not justify the conclusion that NKG made the Benelux deposit with Ambassador's consent. There are possible reasons for Ambassador's conduct which are different and by no means to be disregarded as merely imaginary--including a lack of interest in the ⁶⁶European market, as asserted by NKG--in not making any complaints against the deposit, even though it did not consent to it.

[8] One of these reasons could also be that Ambassador cannot lawfully make any complaint against the deposit. Keurkoop has exhibited a US Design Patent 250.734, applied for on 28 March 1977. An M. I. Siegel living in Arizona is stated as being the inventor, and Amba Marketing Systems Inc. the 'assignee'. Even if the latter had to be identified with the American enterprise 'Ambassador' referred to by the parties or were a successor in title to or licensee of it--which is uncertain--this does not in itself mean that any Benelux rights accrue to Ambassador and not to Siegel-- assuming that the latter were indeed the designer. On this latter point, the legal relationship between Siegel and Ambassador is relevant.

[9] In these proceedings, one must thus proceed on the basis that NKG made the Benelux deposit in question without consent from or by virtue of any kind of legal relationship with the designer or the person who must be regarded as such or any successor in title.

The first ground of appeal is thus well-founded.

[10] Keurkoop argues in the *second ground of appeal* that the Benelux Models law does not seek to confer protection on a depositor of a model who has not designed that model or who is not the employer of or person commissioning the designer and who is not in any legal relationship with the designer (or his employer or the person commissioning him) which authorises him to make the deposit. In view of the fact that NKG is such a depositor, Keurkoop argues, its claims should not have been upheld.

In support of the ground of appeal, Keurkoop argues that the aim of the Benelux

Models Law is to reward the creative work of the designer, that the exclusive model right protects 'something with creative value', and that the rule, contained in section 3(1) of the Law, that the exclusive right to a model accrues to the first depositor of that model is based on the rebuttable presumption that the first depositor is the designer, or the person who is regarded as such by virtue of section 6.

[11] With reference to the latter argument, the Court considers the following, and at the same time also states that it is not asserted by any of the parties that the bag for which NKG has invoked the model right has artistic character, and that no such character has become apparent to the Court either from the illustrations in the exhibited proof of registration of the model or in the exhibited folders.

The creative work of the designer of the exterior of a product--even of a product with a utilitarian function--was even before the coming into being of the Benelux Models Law, and in accordance with section 21 of this Law is now also thereafter, 'rewarded' , in the sense that the result of this creative work enjoyed or enjoys copyright *67 protection. The object protected by the above Law is, according to section 1, however, only the 'new' external appearance (of a product with a utilitarian function), without any further requirement being laid down in respect of that appearance (save for absence of conflict with good morals), in particular not even the requirement that creative work should underlie that appearance, so that the appearance could then have 'creative value' that is, in essence: an artistic character. The Joint Explanatory Memorandum of the three Benelux governments to the Act expressly says under B, I, 'General', 5: 'Whether this appearance is or is not the result of an artistic creation is not a criterion for protection under this Act; both artistic and non-artistic models can be protected.' Under B, I, ' General', 3, this memorandum says that 'the majority of models' will lack artistic character. The Benelux legislator thus proceeded on the basis of the latter assumption of fact.

According to the above-mentioned explanatory memorandum, in its fourth paragraph the intention of the Act is 'during a particular period to prevent imitation of the models chosen by industrialists and craftsmen'. It is at the same time relevant that the criterion by which it must be decided whether a deposited model displays the 'subordinate differences', referred to in section 4(1)(a) and (b) of the Act, from an already actually known, or previously deposited, model, or displays the 'subordinate differences' , referred to in section 14(1) of this Act, from a model of a third party accused of infringement, is simply: whether 'the public could easily confuse' the models ' with one another'; hence the explanatory memorandum to these statutory provisions.

It is further clear from section 4(1)(a) that the appearance of products which have been previously known, but which have fallen into oblivion in Benelux, can be 'new' within the meaning of the Act. In particular, the designer of such models will frequently not (or no longer) be known.

It follows from the foregoing considerations that the intention of the Benelux Models Law is to confer protection on the industrialist or craftsman who wishes to have his product distinguished from the products of others by means of the distinguishing power of the appearance of his product, regardless of whether that

appearance is artistic or, in the extreme, banal. This is not altered by the fact that the depositor does not need to be an industrialist or craftsman, or by the fact that the Benelux legislator, in section 5, elaborated a set of rules for the situation where a designer of the new appearance (or the person who, by virtue of section 6, is regarded as the designer) has to be designated and the latter has not given his consent to the deposit of his design.

What Keurkoop argues in support of its second ground of appeal, with reference to the intention of the Law and the object which it protects, is therefore incorrect. *68 Nor is it correct that section 3(1) of the Law is based on the presumptions referred to by Keurkoop. The intention of the Law and the function of the object which it protects by no means necessarily imply this, while neither the text of the Law nor the explanatory memorandum shows any sign of such a presumption, though it would have been an obvious step, if the Benelux legislator had proceeded on the basis of such a presumption, to express that in the Law, as has happened, for example, in respect of inventors in section 6 of the Dutch Patents Act, Rijksoctrooiwet. and as has happened in respect of design artists in section 22(2) of the Benelux Models Law with reference to a deposit of a model with an artistic character, à propos of which it merits observation that, according to the explanatory note to this provision, the presumption as to copyright referred to in the latter provision can only be rebutted by the actual designer or his assignee. [12] In other respects too, Keurkoop's second ground of appeal finds no support whatever in the Law or the elucidation of it. The Law and its explanatory note leave no doubt on this point: that the model right arises by reason of the first deposit (section 3(1)), that only in the cases referred to in section 4 does no model right arise by reason of that deposit, and that, if a deposit is made without the consent of the designer or the person regarded as such by the Benelux Law, only the designer can apply to cancel the deposit or have it declared void (section 5(1)).

[13] The Court regards the matters considered in paragraphs [11] and [12] above to be so self-evident that it sees no reason to ask the Benelux Court of Justice any question as to interpretation of the Benelux Uniform Law. the Court thus rejects the second ground of appeal in this case.

[14] Leaving aside provisions of or based on the EEC Treaty, the Court thus associates itself with the judgment which allowed NKG's claims.

[15] In the *third ground of appeal*, Keurkoop argues that the rules of the Benelux Models Law, if interpreted as Keurkoop interprets them or--according to Keurkoop's manifest intention--as the Court has now interpreted them, are incompatible with the rules concerning the free movement of goods contained in the EEC Treaty, in particular with Article 30 in conjunction with Article 36 of that Treaty.

[16] In the *fourth ground of appeal*, Keurkoop argues that the above-mentioned Treaty implies that, in any case--even in the case where the deposit in question might have been made with Ambassador's consent--NKG has no cause of action whatever as against Keurkoop in so far as Keurkoop 'has obtained' the bags which it deals in 'elsewhere within the Common Market'. Keurkoop *69 obviously means: elsewhere within the above-mentioned market, but outside Holland.

[17] In respect of the third and fourth grounds of appeal, the Court will refer the questions set out below to the European Court of Justice. In this connection it is relevant that, *inter alia* under section 3(1) of the Benelux Law, the Benelux legislator saw the exclusive right to a model as an industrial property right within the meaning of the Paris Union Convention, of 20 March 1883, for the Protection of Industrial Property.

Opinion of the Advocate General (Herr Gerhard Reischl)

Although there is already a well-established body of case law on the question of the extent to which exceptions to the principle of the free movement of goods are permitted on the basis of national rights to a patent or trade mark, or of national copyright, these are the first proceedings for a preliminary ruling in which it is necessary to consider the question of the effects of the relevant provisions of the EEC Treaty on the exercise, by the proprietor of a national right in a design, of the powers vested in him.

Nancy Kean Gifts BV, a commercial undertaking whose registered office is at The Hague, sells amongst other things ladies' handbags imported from Taiwan. On 23 April 1979, it filed the design for the handbag in question with the Benelux Designs Office.

A United States patent design in respect of a corresponding design has been in existence since January 1979. The application for it had already been filed in March 1977. The inventor is stated to be Mr. Siegel from Arizona and the assignee to be Amba Marketing Systems Inc.

At the beginning of 1980, Keurkoop BV, a mail-order company whose registered office is at Rotterdam, offered for sale or even by way of gift ladies' handbags having the same or virtually the same appearance as the above-mentioned registered design which were also directly imported from Taiwan into the Netherlands.

Nancy Kean Gifts applied for and was granted on the basis of its exclusive rights under the Eenvormige Benelux-Wet inzake Tekeningen of Modellen (Benelux Uniform Law on Designs, hereinafter referred to as 'the Benelux Uniform Law'), which entered into force on 1 January 1975, an interlocutory injunction ordering Keurkoop BV to refrain from 'manufacturing, importing, selling, offering for sale, exhibiting, delivering, using for industrial or commercial purposes or from holding in stock for one of those purposes' ladies' handbags of the kind in question. Keurkoop BV lodged an appeal against that injunction.

In its judgment of 20 May 1981 which led to this reference for a preliminary ruling, the Third Chamber of the Gerechtshof (Regional Court of Appeal), The Hague, held in substance, in the light of the facts of the case, that Nancy Kean Gifts was not the author of the *70 design for the handbag and had not filed the design with the consent of, or on the basis of any legal relationship with, the author or any person entitled under him for the Benelux area.

From a legal point of view, the court making the reference has made the following findings, in particular in paragraphs 11 and 12 of its judgment. Contrary to the appellant's contentions, the meaning and purpose of sections 1 *et seq.* of the Benelux Uniform Law is not to 'reward' the creative work of the author of the

design. Instead, as section 1 of that Law makes clear, it is ' the altered appearance of a product serving a utility purpose which may be protected as a design.' Accordingly, the Law does not require the design to be the expression of a creative or artistic achievement. The purpose of that provision is to prevent the imitation for a specific period of designs chosen by industrial manufacturers and craftsmen. Thus, the industrial property right under section 3(1) of the Benelux Uniform Law arises, in principle, upon first registration and irrespective of whether the person filing the design is an industrial manufacturer, a craftsman or even the author of the design. If registration is effected without the consent of the author of the design or of the person who is to be regarded as the author under the Benelux Uniform Law, the author alone may, by virtue of section 5(1), within a certain period lay claim to the registration or require its cancellation. Since the appellant expressed the opinion that the provisions described were incompatible with Articles 30 and 36 of the EEC Treaty and that the action for an injunction could not in any event have succeeded if it had obtained the handbags in question 'elsewhere in the Common Market', the *Gerechtshof* referred to the court for a preliminary ruling under Article 177 of the EEC Treaty the following questions:

[The Advocate General repeated the questions, and continued:]
My opinion on those questions is as follows:

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The answer to the questions presupposes that the facts on which the court making the reference is called upon to give a ruling fall within the scope of Articles 30 and 36 of the EEC Treaty. It is well known that the purpose of those provisions is merely to ensure the free movement of goods 'between member-States'. However, the main action is characterised precisely by the fact that a Dutch commercial undertaking is exercising the rights to territorial protection which are vested in it in respect of products directly imported from a non-member country, namely Taiwan, against another Dutch commercial undertaking which also obtains those products from Taiwan. The respondent and the Commission therefore consider on the basis of the findings concerning trade mark law made by the ^{*71} Court of Justice in the *E.M.I. Records* cases, [FN11] that the exercise of a right in a design in order to prevent the sale of products from a non-member country does not impair the free movement of goods between member-States.

FN11 Case 51/75 *E.M.I. Records Ltd. v. CBS United Kingdom Ltd.* : [1976] E.C.R. 811, [1976] 2 C.M.L.R. 235; Case 86/75 *E.M.I. Records Ltd. v. CBS Grammofon A/S* [1976] E.C.R. 871 , [1976] 2 C.M.L.R. 235; Case 96/75 *E.M.I. Records Ltd. v. CBS Schallplatten GmbH* [1976] E.C.R. 913, [1976] 2 C.M.L.R. 235.

The appellant however maintains *inter alia* that the free movement of goods between member-States is already impaired by the fact that the judgment of the Dutch Court is enforceable in the other two Benelux countries. This dispute, which concerns the question of the status of the Benelux economic

area within the Common Market as well as the problem of the recognition and enforcement of judicial decisions in the other Benelux countries, need not, however, in my view, be examined in further detail in the present case. Instead, the only matter of importance is that the questions raised, evidently as the result of the appellant's submissions according to which handbags of the same design originating in Taiwan could be imported into the Netherlands from other member-States, are regarded by the court making the reference as *relevant for the purposes of its decision*. According to the established case law of the Court of Justice, as expressed more recently *inter alia* in the Damiani judgment, [FN12] it is for the national court alone, in the light of the division of jurisdiction under Article 177 of the EEC Treaty, to assess with full knowledge of the matter before it the relevance of the questions of law raised by the dispute before it and the necessity for a preliminary ruling so as to enable it to give judgment, since only the court making the reference has a direct knowledge of the facts of the case and of the arguments put forward by the parties and will have to give judgment in the case. Accordingly, I consider it appropriate to answer both questions.

FN12 Judgment of 14 February 1980 in Case 53/79 Office National des Pensions pour Travailleurs Salaries v. Damiani [1980] E.C.R. 273, [1981] 1 C.M.L.R. 548.

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The court making the reference has been asked to determine whether the operation of the Benelux Uniform Law is compatible with the provisions of the EEC Treaty governing the free movement of goods. In order to clarify that question an interpretation of the provisions governing the free movement of goods, in particular Articles 30 and 36 of the EEC Treaty, is sought from the Court. In that regard it must be borne in mind that the Court of Justice may give a ruling under Article 177 of the EEC Treaty only on the interpretation of the Treaty and of acts of the institutions of the Community or on the validity of such acts, but not on the interpretation of a provision of national law. Accordingly, the purpose of the *72 first question raised by the court making the reference is to ascertain whether Articles 30 and 36 of the Treaty are to be interpreted as precluding the application of provisions of national law which confer on the first applicant for registration an exclusive right in a design, without there being any opportunity for persons other than the author, the person commissioning or employing the author or any person entitled under the author to challenge that right on the ground that the applicant is not the actual author of the design.

In answering that question, it is necessary to proceed on the assumption that the exercise of an exclusive territorial right constitutes in principle an obstacle to the free movement of goods between member-States. Accordingly, any provisions of national law the application of which leads to the obstruction of trade between the member-States are in principle to be regarded as measures having an effect equivalent to quantitative restrictions within the meaning of Article 30 of the EEC Treaty.

However, according to Article 36 of the EEC Treaty, the provisions of Articles 30 to 34 do not preclude such prohibitions or restrictions on imports which are

justified *inter alia* on grounds of the protection of industrial and commercial property.

(a) The first question to arise is whether *national rights in designs also fall within the above-mentioned exception*. In my opinion, it is necessary, as is emphasised by all those taking part in the proceedings, to take as a basis the court's existing case law on the relationship between the rules governing the free movement of goods on the one hand and national industrial and intellectual property rights on the other.

After initially establishing in a series of decisions--at first only by implication in the Deutsche Grammophon Gesellschaft case [FN13] and finally by way of an unequivocal statement in the Gema case [FN14] that reliance on the right to a patent or trade mark may justify an exception to the rules governing the free movement of goods, the Court has made it clear that Article 36 of the EEC Treaty also applies to copyright and consequently to related protected rights. As is apparent from the last-mentioned judgment, the Court proceeded from the premise that there were no reasonable grounds for distinguishing between industrial and commercial property rights on the one hand and copyright on the other, as far as the commercial exploitation of such rights is concerned.

FN13 Judgment of 8 June 1971 in Case 78/70 Deutsche Grammophon GmbH v. Metro-Sb-Grossmärkte GmbH & Co. KG: [1971] E.C.R. 487, [1971] C.M.L.R. 631.

FN14 Judgment of 20 January 1981 in Joined Cases 55 and 57/80 musik-vertrieb membran gmbh and k-tel international v. gema: [1981] E.C.R. 147, [1981] 2 C.M.L.R. 44.

However, the distinctive feature of a right in a design is that it can be justified by considerations relating to copyright on the one hand and by considerations of industrial policy on the other. It is along those lines, too, that the form and scheme of national legislation ^{*73} relating to rights in a design differ from one country to another. In some cases they are modelled on patent law, in others on the law of copyright. That question need not be examined in detail at this point since, according to the case law of the Court, the right to both a patent and copyright come within the scope of the protection of industrial and commercial property within the meaning of Article 36 of the EEC Treaty, with the result that a right in a design must also be included in that category. In that connection, it should not be forgotten that, as is apparent *inter alia* from section 3(1) of the Benelux Uniform Law, the Benelux legislature, too, regards an exclusive right in a design as an industrial property right within the meaning of the Paris Convention of 1883 for the Protection of Industrial Property Article 1(2). of that Convention, which was most recently amended in Stockholm in 1967 and to which all the member-States have acceded, includes industrial designs amongst the articles to which the protection of industrial property extends.

Furthermore, the fact that the Council also proceeds on the assumption that industrial designs must be regarded as industrial property rights is apparent, as the Government of the United Kingdom points out, in particular from Article 4(2)

(2)(b) of E.C. Council Regulation 17 of 6 February 1962 in which patents, utility models, designs and trade marks are listed as sub-groups of industrial property rights.

(b) Since, therefore, it is necessary to proceed from the premise that conflicts between a right in a design and the principle of the free movement of goods within the Common Market must be also resolved in accordance with Article 36 of the EEC Treaty, reference may also be made to the hitherto consistent case law of the Court of Justice according to which it follows from the wording, in particular of the second sentence, and from the position of that Article that the EEC Treaty does not affect the *existence* of industrial and commercial property rights permitted under the legislation of a member-state, although the *exercise* of those rights may very well be restricted, according to the circumstances, by the prohibitions laid down in the Treaty. As an exception to one of the fundamental principles of the Common Market, Article 36 permits restrictions on the free movement of goods, according to the case law of the court, only in so far as such restrictions are justified for the protection of the rights which constitute the *specific subject-matter* of the industrial and commercial property rights concerned. Therefore in examining the question whether a right in a design arising under the Benelux Law may successfully displace the principle of the free movement of goods, it is necessary to begin by defining the specific subject-matter of that territorial property right in order to deduce from it which barriers to trade may be permitted under Community law and which may not.

In that regard, the question also arises whether the specific subject-matter of a right in a design is determined, as the appellant ^{*74} contends, by reference to a uniform, as it were ideal, model of this property right or whether, as the United Kingdom, German and French Governments as well as the respondent and the Commission maintain, it is necessary, in determining the specific subject-matter of the right in a design within the meaning of Article 36 of the EEC Treaty, to take as a basis each time the relevant national legislation governing rights in a design, regard being had to the specific structure and content of that legislation.

In my view, in the light of the meaning and purpose of the exception provided for by Article 36 of the EEC Treaty, the answer to that question can only be that as long as the national provisions of the individual member-States on the protection of industrial property in the Community have not been harmonised, only the legislatures of the member-States may determine whether industrial property rights exist. [FN15] It also follows that, in principle, it is for the member-States alone to determine the degree of protection which they wish to provide in respect of industrial and commercial property rights as well as the precise form and content to be given to such rights, subject nevertheless to compliance with the limits set out by the Treaty.

FN15 See judgment of 29 February 1968 in Case 24/67 Parke, Davis & Co. v. Probel : [1968] E.C.R. 55, [1968] C.M.L.R. 47.

In the light of the above considerations, the specific subject-matter of a right in a design under the Benelux Law may be defined, as suggested by the Commission

on the basis of the case law of the Court, as the exclusive right of the proprietor, in practice the person filing the design, to market a product of a given industrial design for the first time. That description, which does not claim to be exhaustive, of the specific subject-matter of a right in a design and which relates to the legal proprietor, should moreover, as far as I can see, hold true for all rights in a design arising in the member-States and also corresponds to the description of the specific subject-matter of the right to a patent and to a trade mark hitherto applied by the Court.

(c) However, in view of the structural differences between national design rights, the problem of the *proprietor* and the *structure of the right* can be resolved only by the legislature of each member-State.

In consequence of the disparities between the objectives pursued in relation to the protection of national rights in a design--the purpose of the Benelux Uniform Law is also, as the Court has heard, to protect at least industrial manufacturers or craftsman who wish to distinguish their products from those of others by endowing them with a distinctive form--it must be recognised that the proprietor of a right in a design may also be a person who has filed the design without the author's consent.

Finally, the rules embodied in the Benelux Uniform Law would not be open to challenge even if the view were to be taken that the *75 EEC Treaty restricts the power of the member-States to determine the form of industrial property rights so as to ensure that the author of the design is afforded some degree of protection by the right in the design. In that regard, it should be borne in mind that, as the *Gerechtshof* and the Dutch Government in particular have pointed out, the system of rules embodied in the Benelux Uniform Law serves *inter alia* to provide for legal certainty inasmuch as the right arises upon registration. In that regard, in order to simplify matters, the question whether the person applying for registration and the author of the design are one and the same person was deliberately omitted from consideration. In any event, where registration is effected by a third party, the author's rights are protected by the fact that he may within a certain period lay claim to the registration or demand its cancellation.

If, on the other hand, as the appellant claims, that opportunity were also granted to third parties, the result would be that the actual author of the design would no longer be able to assert his rights on account of the design's lack of novelty and that would constitute a serious encroachment by Community law on the existence of the right guaranteed by national law.

Furthermore, the compatibility of a legislative technique of that kind with Community law is also apparent from the fact that corresponding rules are provided for in respect of patents by Articles 56 and 57 of the Convention for the European Patent for the Common Market. [FN16]

FN16 [1976] O.J. L17/1 .

(d) As may be inferred from the judgment making the reference, the appellant also takes the view that the *protection* afforded by the Benelux Uniform Law to 'copying' is incompatible with the principle of the free movement of goods.

As regards that contention too it is necessary to point out in the first place that the question whether 'copying' qualifies for protection must also be regarded as a matter covered by the *content* of legislation relating to rights in a design and is thus subject to the system established by the member-States. In this case, too, as the Government of the Federal Republic of Germany rightly states, it is not possible, because of the lack of harmonisation of national laws governing rights in a design, to point to ideal standard models for design legislation suitable for the European Economic Community, and in particular for the concept of novelty as the dividing line between an imitation or 'copy' which qualifies for protection and one which does not. A glance at the laws of the member-States in the matter of designs shows instead that under the legislation of the other member-States, in this field rights are to a certain extent created for the protection of the 'copying' of antique designs, designs from other cultures etc. As a rule, the individual laws on designs establish the dividing line between 'copying' which qualifies for ^{*76} protection and an imitation which does not solely by reference to the *concept of novelty* which, as is known, spans a range of variation from subjective to absolutely objective novelty. With regard to this concept, too, it cannot be the Court's task, contrary to the view expressed by the appellant, to bring into line with each other the as yet unharmonised laws of the individual member-States in regard to designs.

3

In its second question, the court making the reference finally seeks to ascertain whether the proprietor of a right in a design in the Netherlands may prevent the importation of products of an identical design if such products have been lawfully marketed in another member-State. In order to answer this question, it is necessary once again to refer to the distinction drawn by the Court in its established case law between the *existence* and the *exercise* of industrial property rights. Even though it is quite clear that under Community law as it stands at present, a right in a design lawfully acquired in a member-State may in principle be relied upon pursuant to the first sentence of Article 36 of the Treaty to prevent the importation of goods which, as regards their design, display characteristics identical to those of the protected design, it remains to be considered whether the *exercise* of such a right constitutes 'a means of arbitrary discrimination' or 'a disguised restriction on trade between member-States' within the meaning of the second sentence of Article 36 of the Treaty.

In order to define the limits of the lawful exercise of industrial and commercial property rights under Article 36, the Court of Justice has developed the principle that the proprietor of an industrial and commercial property right which is protected by the legal provisions of a member-State may not rely on those provisions in order to prevent the importation of a product which has been lawfully marketed in another member-State by himself or with his consent. [FN17]

FN17 See for example: Case 15/74 Centrafarm BV v. Sterling Drug Inc.: [1974] E.C.R. 1147, [1974] 2 C.M.L.R. 480 (Parallel Patents); Case 119/75 Terrapin (Overseas) Ltd. v. Terranova Industrie C.A. Kapferer & Co.: [1976] E.C.R. 1039,

[1976] 2 C.M.L.R. 482; Case 78/70 Deutsche Grammophon v. Metro: [1971] C.M.L.R. 631; Joined Cases 55 and 57/80 gema: [1981] 2 C.M.L.R. 44.

If the proprietor of the protected right were entitled to rely on those provisions, he would have the opportunity to partition national markets and thus restrict trade between the member-States even though no such restriction were needed to enable him to preserve the substance of the exclusive rights deriving from the protected right.

It should also be said, in regard to the submissions of the United Kingdom and of the French Government on this point, that it is beyond doubt, at least since the Court's judgment in the Merck *77 case, [FN18] that once the proprietor of an industrial property right has lawfully marketed the protected product in a member-State or the product has been placed on the market there with his consent, that product may be freely bought and sold *throughout the Common Market* without there being any need to consider whether or not the proprietor was afforded any protection in the member-State concerned. If, on the other hand, the protected product is manufactured or marketed in a member-State without the consent of the proprietor, the latter may prevent the importation of that product into the protected area.

FN18 Case 187/80 Merck & Co. Inc. v. Stephar BV: [1981] E.C.R. 2063, [1981] 3 C.M.L.R. 463.

Finally, another problem stems from the fact that under the Benelux Uniform Law a right in a design arises upon the filing of the design and that the person filing the design and the author of the design are not necessarily one and the same person, which may lead to the result that parallel industrial property rights which are identical in origin may arise in different member-States. In that connection, it should be noted that in so far as the proprietors of such rights in a design which are identical in origin are linked by legal or economic ties from which a single origin of the design may be inferred, they may not, on the basis of an analogous application of the case law of the Court on trade marks which are identical in origin, [FN19] exercise the powers vested in them by national law for the purpose of preventing the importation of products having that protected design; otherwise it would be possible to partition national markets artificially by means of rights in a design which are identical in origin and exist concurrently in the individual member-States. Such, in particular, is the case, according to the case law of the Court, where the exercise of such rights is the subject-matter, means or consequence of an agreement or concerted practice prohibited by the Treaty.

FN19 See Case 40/70 SIRENA Srl v. Eda Srl: [1971] E.C.R. 69, [1971] C.M.L.R. 260; Case 192/73 Van Zuylen Freres v. Hag AG: [1974] E.C.R. 731, [1974] 2 C.M.L.R. 127.

Parallel rights in a design may not however be regarded as identical in origin if, although they are based imitations or even on the appropriation of any original

work created by a third party, there is no legal or economic connection, beyond the common origin of the designs, between the individual applicants for registration.

If, therefore, in such a case, the identical origin of the designs were recognised solely on the ground that both of the designs concerned can be traced back to the same creative work, the legislation governing rights in a design in those member-States which merely require a design to be filed for an industrial property right to come into existence would, as the Government of the Federal Republic of Germany rightly points out, ultimately and quite unacceptably be deprived of its substance.

*78 However, it is for the court hearing the case to determine the nature of the relations existing between individual proprietors of the right and whether such rights in a design, which are identical in origin but differ from one member-State to another, are in the circumstances of the case exercised by a proprietor with the aim of partitioning markets.

4

In conclusion, I propose that in the light of the above considerations the question submitted by the *Gerechtshof* should be answered as follows:

1. Articles 30 and 36 of the EEC Treaty are to be interpreted as not precluding the application of legal provisions of the member-States which confer on the first person to file the design exclusive rights thereto, when no person other than the author of the design, the person commissioning or employing the author or the person entitled under the author has the opportunity to challenge that right on the ground that the person filing the design is not its author or the person commissioning or employing the author.
2. The proprietor of a right in a design acquired under the law of a member-State may not under Article 36 of the EEC Treaty rely on his exclusive right in order to prevent the importation of a product which has been lawfully marketed in another member-State either by himself or with his consent. However, the legal proprietor's exclusive right is enforceable in so far as the protected product has been marketed in a member-State without his consent. Such conduct may however constitute a means of arbitrary discrimination or a disguised restriction on trade between member-States within the meaning of the second sentence of Article 36 of the EEC Treaty if it is demonstrated that the proprietor exercises his right with the aim of artificially partitioning markets.

JUDGMENT (of the European Court)

[1] By judgment of 20 May 1981, received at the Court on 5 June 1981, the *Gerechtshof* (Regional Court of Appeal), The Hague, referred to the Court for a preliminary ruling under Article 177 of the Treaty two questions concerning the free movement of goods to enable the national court to determine the conformity with Community law of the Benelux Uniform Law on Designs the terms of which were adopted by the Convention of 25 October 1966 [FN20] and which entered into force on 1 January 1975.

FN20 Tractatenblad 1966, no. 292, p. 3.

*79 [2] It appears from the particulars supplied by the national court that the company Nancy Kean Gifts whose registered office is at The Hague filed a design for a ladies' handbag with the Benelux Designs Office on 23 April 1979. [3] The design filed by Nancy Kean Gifts appears similar to an American design which was filed on 28 March 1977 as 'US Patent Design 250.734' and mentioned as inventor Mr. Siegel and as licensee the company Amba Marketing Systems Inc.

[4] Nancy Kean Gifts which obtained supplies from the company Renoc AG of Zug, Switzerland, states that the handbag which it markets is made in Taiwan whence it is directly dispatched to the Netherlands.

[5] At the beginning of 1980 Nancy Kean Gifts found that another undertaking, the company Keurkoop BV, whose registered office is in Rotterdam, was offering a ladies' handbag the appearance of which Nancy Kean Gifts considered to be identical with the design which it was itself selling and, in reliance on its exclusive right to the design, commenced proceedings for an interlocutory injunction against Keurkoop before the President of the Arrondissementsrechtbank (District Court), Rotterdam.

[6] According to the particulars supplied by Keurkoop, it obtained the handbag in question from a wholesale exporter, the Formosa Keystone Products Corporation whose registered office is in Taiwan and which in turn obtains its supplies from two manufacturers, also established in Taiwan, namely the Taiwan Plastic Company and Ocean Lights Industries Corporation.

[7] According to written statements given to the Court by the parties to the main action and the Commission the following appears to be the position. According to Nancy Kean Gifts the bag in question is marketed in the Federal Republic of Germany by Otto GmbH, which imports it directly from Taiwan. In the United Kingdom the bag is sold by Nancy Kean Gifts Ltd. and in Denmark by Atelier Nancy APS. These last two legal persons belong to the same group as Nancy Kean Gifts. they also buy the bags which are manufactured in Taiwan from Renoc AG, a Swiss company. Keurkoop adds that the bag is also sold in the Netherlands by Otto (Tilburg) and Euro Direct Service (Tegelen). Finally, according to Keurkoop and the Commission, the same design of handbag was filed on 18 April 1979 with the French Designs Registry by Peter Herman of New York.

[8] By a judgment of 8 May 1980 the President of the Arrondissementsrechtbank Rotterdam, granted the application made by Nancy Kean Gifts and prohibited Keurkoop from 'manufacturing, importing, selling, offering for sale, exhibiting, delivering, using or holding in stock with a view to any such action, for industrial or commercial purposes, one or more ladies' handbags having an *80 appearance identical to or displaying only minor differences from that of the design registered by the plaintiff'.

[9] Keurkoop lodged an appeal against that judgment with the Gerechtshof, The Hague, which in answer to the first two submissions made to it stated its views

on several issues. Those views must be recorded because of the light which they throw on the questions referred to the Court.

[10] The Gerechtshof first of all found that Nancy Kean Gifts was not the author of the design for the bag which it had filed and that it had not filed the design with the consent of the author or of a person entitled under him as regards Benelux territory or as a result of any legal connection with any such person.

[11] At paragraph 11 of its judgment the Gerechtshof defined the scope of the Benelux Uniform Law on Designs. The Gerechtshof pointed out that in the Benelux countries creative work was protected by copyright but the subject-matter of the protection provided by the Uniform Law was according to section 1 thereof only 'the new appearance of a product serving a utility purpose'. By virtue of section 4, products known in the past but forgotten for 50 years in the Benelux countries may be new within the meaning of the Law. Furthermore the Uniform Law does not require that the novelty be the result of a creative act, that is to say, essentially artistic. Contrary to what Keurkoop maintains, section 3 (1) which provides that 'the exclusive right to a design shall be acquired by the person who is first to file it' is in no way based on the presumption that the person filing the design is the author of it. The Uniform Law seeks to protect the industrial manufacturer or craftsman who wishes his product, whether it be artistic or commonplace, to be distinguished from others, and it does not matter whether the person filing the design is an industrial manufacturer or craftsman. The aim of the Law is to prevent the infringement during a specific period of designs chosen by industrial manufacturers and craftsmen and the test of infringement is whether the public may easily mistake one design for another.

[12] In view of the two other submissions made to it by Keurkoop the national court considers it necessary to refer the following two questions to the Court for a preliminary ruling:

1. 'Is it compatible with the rules contained in the EEC Treaty concerning the free movement of goods, in particular with the provisions of Article 36 thereof, to give application to the Benelux Uniform Law on Drawings or Designs in so far as the effect of that Law is to grant exclusive rights in a design, such as referred to in that Law and having an object and function described in ground 11 of this judgment, to the person who was the first to file it with the competent authority, and when no person other than the person claiming to be the author of the design or the person commissioning or employing the author has the opportunity to challenge the right of the person who filed the design and/or to defeat an application for an injunction lodged by that person by relying on the fact that *81 he is not the author of the design or the person commissioning or employing the author?'

2. Can the application for an injunction be defeated in so far as it concerns products which the defendant has obtained in a country belonging to the Common Market other than the country (belonging to the Common Market) for which the injunction is sought if no rights of the person who filed the design and who seeks the injunction are infringed in that other country by the marketing of those products?'

First question

[13] the first question is essentially concerned with the question whether the provisions of Article 36 of the Treaty allow the application of a national law which, like the Benelux Uniform Law on Designs, gives an exclusive right to the first person to file a design, without persons other than the author or those claiming under him being entitled, in order to challenge such exclusive right or defend an action for an injunction brought by the holder of the right, to contend that the person filing the design is not the author of it, the person who commissioned the design from him or his employee.

[14] By way of a preliminary observation it should be stated that, as the Court has already held as regards patent rights, trade marks and copyright, the protection of designs comes under the protection of industrial and commercial property within the meaning of Article 36 inasmuch as its aim is to define exclusive rights which are characteristic of that property.

[15] According to section 1 of the Benelux Uniform Law protection is afforded by that Law only to the novel feature of a product serving a utility purpose, that is to say, according to section 4, a product which in fact has not been commonly known in the industrial or commercial circles concerned in the Benelux territory during the 50 years prior to the filing of the design. According to section 3 the exclusive right to a design is acquired by the first person to file it without its being necessary to inquire whether that person is also the author of the design or a person entitled under him. The reason for the rule is to be found in the function of the right to the design in economic life and in a concern for simplicity and efficacy. Finally, by virtue of the detailed rules laid down in section 5 of the Law the author of the design may, during a period of five years, claim the right to its registration and may at any time claim to have the registration annulled.

[16] Those features, which are neither exhaustive nor limitative, nevertheless allow it to be said that legislation having characteristics of the kind of those which have just been described constitutes legislation for the protection of industrial and commercial property for the purposes of Article 36 of the Treaty.

[17] Although it is true that, by virtue of section 15 of the Benelux Uniform Law on Designs, any person or body concerned, including the Public Prosecutor's Department, may claim that the rights *82 attached to the registration are null and void by contesting, in particular, the novelty of the product in the territory concerned, they may not, on the other hand, allege that the person filing the design is not the author, the person commissioning him or his employer. In view of this restriction the national court wonders whether the Uniform Law comes within the scope of Article 36 of the Treaty.

[18] On that issue the Court can only state that in the present state of Community law and in the absence of Community standardisation or of a harmonisation of laws the determination of the conditions and procedures under which protection of designs is granted is a matter for national rules and, in this instance, for the common legislation established under the regional union between Belgium, Luxembourg and the Netherlands referred to in Article 233 of the Treaty.

[19] Consequently the rules on the free movement of goods do not constitute an

obstacle to the adoption of provisions of the kind contained in the Benelux Uniform Law on Designs, as described by the national court.

[20] The answer to the first question must therefore be that national legislation having the characteristics of the Benelux Uniform Law on Designs falls within the scope of the provisions of Article 36 of the Treaty on the protection of industrial and commercial property. In the present state of its development Community law does not prevent the adoption of national provisions of the kind contained in the Benelux Uniform Law, as described by the national court.

Second question

[21] The second question is essentially concerned with the question whether, in view of the provisions of the Treaty the owner of an exclusive right to a design protected by the legislation of a member-State may rely on that legislation in order to oppose the importation of products, whose appearance is identical to the design which has been filed, from one of the member-States of the Community where their marketing does not infringe any right of the owner to the exclusive right in the country of importation.

[22] First of all it must be observed that in principle the protection of industrial and commercial property established by Article 36 would be rendered meaningless if a person other than the owner of the right to the design in a member-State could be allowed to market in that State a product which is identical in appearance to the protected design. That observation loses none of its force in the particular case, cited by the national court, where a person who wishes to market a product in a member-State has obtained supplies for that purpose in another member-State where the marketing of the product does not infringe the rights of the person who filed the *83 design and who is the owner of the exclusive right thereto in the first State.

[23] It must however be borne in mind that as far as the provisions on the free movement of goods are concerned prohibitions and restrictions on imports must, by virtue of Article 36, be justified *inter alia* on grounds of the protection of industrial and commercial property and must not in particular constitute disguised restrictions on trade between member-States.

[24] Article 36 is thus intended to emphasise that the reconciliation between the requirements of the free movement of goods and the respect to which industrial and commercial property rights are entitled must be achieved in such a way that protection is ensured for the legitimate exercise, in the form of prohibitions on imports which are 'justified' within the meaning of that Article, of the rights conferred by national legislation, but is refused, on the other hand, in respect of any improper exercise of the same rights which is of such a nature as to maintain or establish artificial partitions within the Common Market. The exercise of industrial and commercial property rights conferred by national legislation must consequently be restricted as far as is necessary for that reconciliation.

[25] The Court has consistently held that the proprietor of an industrial or commercial property right protected by the legislation of a member-State may not rely on that legislation in order to oppose the importation of a product which has

lawfully been marketed in another member-State by, or with the consent of, the proprietor of the right himself or a person legally or economically dependent on him.

[26] Furthermore, the proprietor of an exclusive right may not rely on his right if the prohibition on importation or marketing of which he wishes to avail himself could be connected with an agreement or practice in restraint of competition within the Community contrary to the provisions of the Treaty, in particular to those of Article 85.

[27] Although a right to a design, as a legal entity, does not as such fall within the class of agreements or concerted practices envisaged by Article 85(1), the exercise of that right may be subject to the prohibitions contained in the Treaty when it is the purpose, the means or the result of an agreement, decision or concerted practice.

[28] It is therefore for the national court to ascertain in each case whether the exercise of the exclusive right in question leads to one of the situations which fall under the prohibitions contained in Article 85 and which may, in the context of the exercise of exclusive rights to designs take very different forms, such as, for example, the situation where persons simultaneously or successively file the same design in various member-States in order to divide up the markets within the Community among themselves.

^{*84} [29] It follows from the foregoing that the answer to be given to the second question is that the proprietor of a right to a design acquired under the legislation of a member-State may oppose the importation of products from another member-State which are identical in appearance to the design which has been filed, provided that the products in question have not been put into circulation in the other member-State by, or with the consent of, the proprietor of the right or a person legally or economically dependent on him, that as between the natural or legal persons in question there is no kind of agreement or concerted practice in restraint of competition and finally that the respective rights of the proprietors of the right to the design in the various member-States were created independently of one another.

Costs

[30] The costs incurred by the Government of the Netherlands, the United Kingdom, the French Government and the Commission of the European Communities, which have submitted observations to the Court, are not recoverable. As the proceedings are, in so far as the parties to the main action are concerned, in the nature of a step in the proceedings before the national court, the decision on costs is a matter for that court.

Order

On those grounds, THE COURT, in answer to the questions referred to it by the Gerechtshof, the Hague, by judgment dated 20 May 1981, HEREBY RULES:

1. National legislation having the characteristics of the Benelux Uniform Law on Designs falls within the scope of the provisions of Article 36 of the Treaty on the protection of industrial and commercial property. In the present state of its development Community law does not prevent the adoption of national provisions of the kind contained in the Benelux Uniform Law, as described by the national court.

2. The proprietor of a right to a design acquired under the legislation of a member-State may prevent the importation of products from another member-State which are identical in appearance to the design which has been filed, provided that the products in question have not been put into circulation in the other member-States by, or with the consent of, the proprietor of a right or a person legally or economically dependent on him, that as between the natural or legal persons in question there is no kind of agreement or concerted practice in restraint of competition and finally that the respective rights of the proprietors of the right to *85 the design in the various member-States were created independently of one another.

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[1983] 2 C.M.L.R. 47

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